

Changes in Arkansas Teacher Retirement System Laws By the 2007 General Assembly

For more information, please contact our office at:
682-2175 or 1-800-666-2877

Subject	Changes	Action(s) Necessary
1. Allow Non-Contributory Members To Change Status to Contributory <i>Act 93 of 2007 (SB80 by Sen. J Jeffress)</i> <i>Effective July 1, 2007</i>	Amends A.C.A. §24-7-406 (Contributory/Noncontributory) to delete subsection (e); provides that beginning July 1, 2007, and each July 1 thereafter, active noncontributory members may make an irrevocable election to become contributory; inactive or rescinding members may make an irrevocable election to become contributory at the time of reemployment regardless of a previous noncontributory status; new members who are not under contract or are contracted for less than 181 days enter the system as non-contributory but may make an irrevocable election to become contributory.	An Irrevocable Contributory Election Form must be completed by both the member and employer. The completed Contributory form should be received by ATRS prior to June 30 or preparation of the first salary payment of the fiscal year in which the form takes effect. If the Contributory form is received by ATRS after the first payroll of a fiscal year has occurred, the effective date will become the following July 1.
2. Technical Corrections <i>Act 97 of 2007 (SB166 by Sen. J. Jeffress)</i> <i>Effective July 1, 2007</i>	Amends A.C.A. §24-7-202 to add definitions for: Actual Service, Deferred Member, Reciprocal Service, T-Drop and T-Drop Plan Interest; revises definition for: Retirees; make clarifying changes. Amends A.C.A. §24-7-301 to make technical corrections: title of head of Department of Education to Commissioner; certification as used in the Board qualifications section is now licensure by ADE. Amends A.C.A. §24-7-301(2) to clarify that member trustees must have at least 5 years of actual ATRS service. Amends A.C.A. §24-7-305 to add general rule-making authority; and to correct a reference concerning Annual Reports. Amends 24-7-411 (Penalty Late Employer Payments) for clarification.	None.

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2. Technical Corrections - Continued	<p>Amends A.C.A. §24-7-501 (Membership Generally) to clarify when employees are required to be members of ATRS when working for covered employers; clarify the requirements for establishing service credit for prior unreported or previously excluded service; and delete obsolete and/or unnecessary language.</p> <p>Amends A.C.A. §24-7-502 (Termination of Active Membership) to clarify when a member becomes an inactive member of the system; clarify active member references to reflect new statutory definitions; clarify the interest rate applicable to back contributions when reestablishing prior service credit; and delete obsolete or unnecessary language.</p> <p>Amends A.C.A. §24-7-601 (Credited Service Generally) to substitute actual system service for system credited service to reflect new statutory definitions.</p> <p>Amends A.C.A. §24-7-607 (Purchase of Private School Service) to substitute licenses for certificates.</p> <p>Amends A.C.A. §24-7-701 (Voluntary Retirement) to incorporate A.C.A. §24-7-601(e) language that reciprocal service shall be used in determining eligibility for this system benefit and delete obsolete and/or unnecessary language.</p> <p>Amends A.C.A. §24-7-702 (Early Voluntary Retirement) to use plain language and delete obsolete and/or unnecessary language.</p> <p>Amends A.C.A. §24-7-706 (Annuity Options) to use plain language; clarify the circumstances under which a surviving spouse may elect Option A if the retiree dies within a year of retirement.</p>	

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2. Technical Corrections - Continued	<p>Amends A.C.A. §24-7-707 (Deferred Retirement) to incorporate from A. C.A. §24-7-601(e) language that reciprocal service shall be used in determining eligibility for this system benefit and to use plain language and delete obsolete and/or unnecessary language.</p> <p>Amends A.C.A. §24-7-708 (Earnings Limitation) to clarify that an amount equal to what would be the combined employer/employee contribution rate is the amount to be remitted if a retirant works under a waiver of the earnings limitation.</p> <p>Amends A.C.A. §24-7-709 (Disposition of Residue) to make technical corrections; clarify and combine provisions regarding the payment of residue upon the death of a retiree; and add clarifying provision regarding the payment of residue if no surviving beneficiary survives upon the termination of the option annuity.</p> <p>Amends A.C.A. §24-7-710 (Survivor Benefits) to clarify that 5 or more years of actual and reciprocal service is required and revises the statutory language for clarity and to delete obsolete and/or unnecessary language.</p> <p>Amends A.C.A. §24-7-711 (Disposition of Accumulated Contributions) to clarify that regular interest is paid.</p> <p>Amends A.C.A. §24-7-719 to add lump sum death benefits and T-DROP lump sums to the type of distributions from ATRS which may be rolled over.</p>	

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3. Lump Sum Death Benefit <i>Act 296 of 2007 (HB 1188 by Rep. E Harris)</i> <i>Effective July 1, 2007</i>	Amends A.C.A. §24-7-702 (Lump Sum Death Benefit) to cap the maximum amount to which to Board may raise the lump sum benefit to the current \$10,000 for contributory and \$6,667 for noncontributory members; require that for active or retired members who die on or after July 1, 2007, 10 years of actual service with ATRS will be required for eligibility for the lump sum death benefit; clarify that actual service will not include purchased or free credited service or reciprocal service; and eliminates the additional \$10,000 lump sum death benefit for each dependent child currently being paid in addition to survivor benefits.	None.
4. Retirant Stipend <i>Act 297 of 2007 (HB 1189 by Rep. E Harris)</i> <i>Effective July, 1, 2007</i>	Amends A.C.A. §24-7-713(b) (\$75 stipend) to cap the maximum amount to which the Board may raise the stipend to the current \$75 per months; require that, for members retiring on or after July 1, 2008 , 10 years of actual service with ATRS will be required for eligibility for the stipend; and clarify that the actual service will not include purchased or free credited service or reciprocal service.	None.
5. T-DROP <i>Act 298 of 2007 (HB 1191 by Rep. E Harris)</i> <i>Effective July 1, 2007</i>	Makes changes to A.C.A. §§24-7-1302, 1303, 1306, 1307, 1308, 1310, 1311, 1316 (T-DROP) including: changes date for entering T-DROP to July 1; provides for the extension of employer contribution requirement for September, 2003 T-DROP members beyond July 1, 2011 and causes it to be the same as the regular employer contribution rate after July 1, 2013; legislates a 10 year limit on T-DROP participation which was previously adopted by the Board as rule; moves into a separate section the Board's statutory responsibility to insure that T-DROP is cost neutral to ATRS; and other technical changes.	Applications for T-DROP participation must be received at least one full month prior to the effective date. Applications for the July 1 effective date must be post marked no later than May 31. Applications received after that date, will become effective the next July 1 and members will remain active until the following year.

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6. Employer Contribution Rate <i>Act 403 of 2007 (SB 142 by Sen. J Jeffress)</i> <i>Effective July 1, 2007</i>	Amends A.C.A. §§24-2-701 and 24-7-401 (Employer Contribution Rate) to provide that for fiscal years ending June 30, 2008 and June 30, 2009, the ATRS Board shall establish employer contribution rates prospectively each year and that the employer contribution rate shall not exceed 14.0%	The employer contribution rate for the fiscal year ending June 30, 2007 will be 14.0%.
7. Disability Retirement <i>Act 487 of 2007 (SB 140 by Sen. J Jeffress)</i> <i>Effective July 1, 2007</i>	Amends A.C.A. §24-7-704 (Disability Retirement) to incorporate from 24-7-601(e) language that reciprocal service shall be used in determining eligibility for this system benefit; clarify the standard for determining eligibility for disability retirement; and change the return to work rules for disability retirees who reach age 60 to make them the same as those applicable to age and service retirees.	Disability retirants who return to work in an ATRS covered positions must complete a Statement of Employment form immediately upon returning to work. A Statement of Employment form may be obtained by request from the ATRS office or from the ATRS website.